

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 2219

Introduced by **Representative Ryan S. Recto**

EXPLANATORY NOTE

This bill seeks to ordain a bill of rights for taxpayers to enhance the protection of taxpayers' rights and to boost taxpayers' trust and confidence in government revenue authorities. It is recognized by this measure that creating a comprehensive framework for taxpayer protection is essential not only in building public trust, but also in ensuring responsible tax collection.

Public finance in itself is a social contract where there is a clear relationship between the government and its citizens. It inherently defines a reciprocal relationship, where established rights, obligations, expectations and roles among leaders and citizens are clear and mutually understood by both parties. This is exemplified in how the government commits to deliver essential public services in return for taxes, fees, charges and grants provided by its citizens and non-residents. This arrangement necessitates mutual obligations and commitments to fulfil, where sanctions are in place for non-compliance from either party. However, in order for public finance to succeed, it must be accompanied with the promotion of welfare and good governance. The proposed "Magna Carta for Taxpayers" hopes to take that crucial step towards this critical need.

Thus, this bill shall provide for a comprehensive set of rights to taxpayers including the Right to Quality Service and Assistance, the Right to Be Informed, the Right to Fair and Impartial Proceedings and the Right to Redress for Damages. These specific provisions aim to confront the historical challenges of abuses, unclear procedures and inconsistent application of tax laws.

As public finance is intended to help increase income and the production of more and better goods for the people, the measure envisions to build on that as the very foundation in ensuring that taxation contributes to a thriving economy and improved quality of life. This piece of legislation hopes to unlock greater economic

participation, encourage investment and empower every Filipino citizen to contribute towards nation-building.

In view of the foregoing, the approval of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read 'R. Recto', is positioned above the printed name.

Ryan S. Recto
Representative
6th District, Batangas

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Introduced by **Representative Ryan S. Recto**

AN ACT
PROVIDING THE MAGNA CARTA FOR TAXPAYERS

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 Section 1. *Declaration of Policy.* – As public finance is intended to help increase
2 income and the production of more and better goods for the people, the measure envisions
3 to build on that foundation by ensuring that the very act of taxation contributes to a thriving
4 economy and improved quality of life. By fostering trust and fairness in the tax system, this
5 bill aims to unlock greater economic participation, encourage investment, and ultimately,
6 empower every Filipino to contribute to and benefit from the nation's progress, leading to the
7 sustained production of more and better goods and services for all.

8
9 SEC. 2. *Definition of Terms.* – As used in this Act:

10
11 a) *Assessment* refers to the process of determining the amount of taxes,
12 duties, and other charges to be paid by the taxpayer;

13
14 b) *Revenue Authority* refers, singly or collectively, to the Bureau of Internal
15 Revenue, Bureau of Customs, Local Government Units, and other tax
16 collecting agencies;

17
18 c) *Revenue Officers* refer to the officers, employees, and agents of the Revenue
19 Authorities;

1 d) *Summary Collection* refers to the civil remedy of the government for the
2 collection of accounts receivable or delinquent accounts by garnishment or
3 distraint of personal property, or levy of real property;
4

5 e) *Taxes* refer to all exactions for revenue-raising purposes imposed under the
6 National Internal Revenue Code of 1997, as amended, the Customs
7 Modernization and Tariff Act, the Local Government Code of 1991, as
8 amended, and all other tax laws;
9

10 f) *Taxpayer* refers to any person, whether natural or juridical, subject to the tax
11 imposed by the national and local governments; and
12

13 g) *Tax Audit* refers to the examination into a taxpayer's obligation, and
14 compliance with tax laws, rules, and regulations by Revenue Authorities.
15

16 Sec. 3, *Taxpayer's Bill of Rights and Obligations*. – Without prejudice to the other
17 rights and remedies of the taxpayer provided for in the National Internal Revenue Code
18 of 1997, as amended; Customs Modernization and Tariff Act; Republic Act No. 1125,
19 creating the Court of Tax Appeals, as amended; Book II of the Local Government Code
20 of 1991, as amended; and all other laws, rules and regulations, issuances, and
21 circulars in support thereof, the taxpayer is hereto granted basic taxpayer rights,
22 whether at the administrative level or at the judicial level: *Provided*, That nothing in this
23 Act shall amend, modify, or repeal the provisions of the abovementioned laws:
24 *Provided*, further, That the taxpayer is expected to observe and comply with tax
25 obligations enumerated in this Act and in other relevant laws, rules, and regulations
26 implemented by Revenue Authorities.
27

28 SEC. 4. *Taxpayer's Basic Rights*. – The following are the taxpayer's basic rights:
29

30 a) *Right to be Informed*. – The taxpayer shall have the right to know in a
31 simplified manner how one can comply with laws, rules, and regulations
32 implemented by the Revenue Authorities. The taxpayer is entitled to clear,
33 complete, accurate, and simplified explanation of tax laws, rules,

1 regulations, procedures, and other issuances, as well as be apprised of
2 taxpayer's rights and obligations in all tax forms, publications, notices,
3 correspondences, assessments, rulings, and decisions. In case of any
4 deficiency tax finding, alleged violation, or decision or ruling rendered by
5 Revenue Authorities, the taxpayer shall be informed in the written decision
6 or ruling, clearly and sufficiently of the facts and laws thereon, including
7 any supporting computation and documentation upon which these are
8 based. The taxpayer shall have the right to be informed of a summary
9 collection action by the Revenue Authorities, which requires sale or seizure
10 of property or the freezing of assets. The service of the notices and
11 decisions to the taxpayers shall be made in accordance with laws, rules,
12 and regulations;

13
14 b) *Right to Fair, Uniform, and Faithful Application of Laws.* – The taxpayer shall
15 have the right to a fair, uniform, and faithful application of laws, rules,
16 regulations, and other issuances of Revenue Authorities in all proceedings
17 involving the taxpayer;

18
19 c) *Right to Challenge the Position of and be Heard by Revenue Authorities.* –
20 The taxpayer shall have the right to challenge and raise objections against
21 the findings, assessments, rulings, or decisions of the Revenue Authorities.
22 The taxpayer shall have the right to be heard, and the evidence presented
23 by the taxpayer shall be duly considered by the Revenue Authorities in
24 deciding any matter involving the taxpayer;

25
26 d) *Right to Fair and Impartial Proceedings Before the Revenue Authorities.* – The
27 taxpayer shall at all times be entitled to fair and impartial disposition of
28 assessment cases, deficiency findings, requests for rulings, and decisions
29 made by the Revenue Authorities;

30
31 e) *Right to Present Evidence and Witnesses.* – The taxpayer shall have the right
32 to be given ample and adequate opportunity to present evidence, including
33 those in the possession of any third party, and call on witnesses to testify,

as the case may be, that would assist the taxpayer in connection with any assessment or matter involving it;

f) *Right to be Assisted or Represented by a Qualified Professional of their Choice.* – The taxpayer shall have the right to be assisted or represented by a competent and independent qualified professional, such as a legal counsel, accountant, or customs broker, of the taxpayer’s own choice, in all administrative, civil, or criminal tax proceedings: *Provided,* That any communication, correspondence, or documents submitted or exchanged between the taxpayer and the qualified professional that they engage shall be considered strictly confidential, except as otherwise provided under existing laws, rules, and regulations;

g) *Right to Timely and Expeditious Completion and Finality of Tax Audits.* – The taxpayer shall have the right to have the Revenue Authorities begin and complete tax audits and address pending requests and other matters in a timely and expeditious manner. The taxpayer shall have the right to know when the Revenue Authorities have completed an audit or examination of the taxpayer;

h) *Right Against Baseless Assessment.* – Tax authorities are prohibited from issuing assessments against taxpayers without the benefit of a proper audit conducted by authorized Revenue Authorities against taxpayers, otherwise, such assessments shall be void;

i) *Right to be Given an Opportunity for Amicable Settlement.* – Unless contrary to law, the taxpayer shall have the opportunity to amicably settle deficiencies and delinquencies, at any stage of the proceedings: *Provided,* That said settlement must be in writing and duly signed by the parties or their agent;

j) *Right to Avail of Installment Payment.* – In so far as may be permitted by law, the taxpayer shall have the right to settle tax liabilities through installment payments;

- 1
- 2 k) *Right to Pay the Correct Amount of Tax.* – The taxpayer shall have the right
- 3 to pay only the amount of tax legally due, including applicable interests,
- 4 surcharges, fines, and penalties;
- 5
- 6 l) *Right to Relief from Paying Interests, Surcharges, and Penalties.* – The
- 7 taxpayer shall be entitled to a reduction of interests, surcharges, and
- 8 penalties levied on tax liabilities in case of any excessive assessment or
- 9 undue delay caused by Revenue Authorities, including instances of loss of
- 10 records, personnel transfers, extended illness or leaves of absence, and
- 11 personnel training, resignation, retirement, or termination from service of
- 12 the concerned personnel;
- 13
- 14 m) *Right to Recover Actual Costs and Actual Damages Arising from Judicial*
- 15 *Actions.* – The taxpayer shall have the right to recover actual costs and
- 16 actual damages, including attorney's fees and expenses of litigation,
- 17 arising from judicial actions, as may be determined by a court of competent
- 18 jurisdiction;
- 19
- 20 n) *Right to Quality Service and Assistance.* – The taxpayer shall have the right
- 21 to receive prompt, courteous, and professional assistance during dealings
- 22 with the Revenue Authorities, to be spoken to in a way the taxpayer can
- 23 easily understand, to receive clear and easily understandable
- 24 communications from Revenue Authorities, and to be provided with a
- 25 mechanism to address inadequate service;
- 26
- 27 o) *Right to Privacy.* – The taxpayer shall have the right to expect that any
- 28 inquiry, examination, or enforcement action by government authorities shall
- 29 comply with the law and be no more intrusive than necessary, and shall
- 30 respect all due process rights; and
- 31
- 32 p) *Right to Confidentiality.* – The taxpayer shall have the right to privacy of
- 33 communication and correspondence, as guaranteed by the Constitution

1 and by Republic Act No. 10173, otherwise known as the Data Privacy Act
2 of 2012. The taxpayer shall have the right to require that any information
3 provided to Revenue Authorities shall be kept confidential unless
4 disclosure is expressly authorized by law or by the taxpayer.

5
6 SEC. 5. *Taxpayer's Basic Obligations.* – Complementary to the above taxpayer's
7 rights are the following duties and responsibilities of the taxpayer:

8
9 a) *Obligation to Comply with Tax Laws.* – The taxpayer shall observe and
10 comply with tax laws, rules, and regulations with reasonable care and
11 diligence;

12
13 b) *Obligation to Truthfully and Timely Disclose Information.* – The taxpayer shall
14 truthfully and timely disclose complete and accurate information as
15 required by tax laws, rules, and regulations, including registered address,
16 official email address, registered activities, tax type details, and accounting
17 period;

18
19 c) *Obligation to Lodge and Submit Required Documents Completely and on*
20 *Time.* – The taxpayer shall lodge and submit, either personally or through
21 electronic means, in a timely manner all relevant information, books of
22 accounts, reports, records, returns, and other documents to Revenue
23 Authorities on or before the dates set by tax laws, rules, and regulations;

24
25 d) *Obligation to Keep and Make Tax Records Available for Examination.* – The
26 taxpayer shall keep accurate records of the required books of accounts and
27 other tax information for the duration required by law, rules, and regulations,
28 and make such available for examination by revenue officers following
29 proper procedures;

30
31 e) *Obligation to Cooperate with Revenue Authorities in Tax Audit.* – The taxpayer
32 shall cooperate with Revenue Authorities in the conduct of tax audits in
33 accordance with laws, rules, and regulations; and

1
2 f) *Obligation to Timely Pay Taxes.* – The taxpayer shall timely pay the taxes due
3 to the government through any available payment channel.
4

5 SEC. 6. *Creation of the Office of the National Taxpayer Advocate.* – To protect
6 the rights of taxpayers, both substantive and procedural, there is hereby created an
7 Office of the National Taxpayer Advocate (ONTA) attached to the Department of
8 Finance (DOF) for purposes of administrative supervision.
9

10 The ONTA shall determine the organizational structure and staffing pattern of
11 the office in accordance with the revised compensation and position classification
12 system subject to the evaluation and approval of the Department of Budget and
13 Management and in compliance with the civil service laws, rules and regulations and
14 other relevant laws.
15

16 SEC. 7. *Powers, Functions, and Responsibilities of the Office of the National*
17 *Taxpayer Advocate.* - The ONTA shall have the following functions, powers, and
18 responsibilities:
19

20 a) Collaborate with qualified professionals to assist in the representation of
21 low income taxpayers who have a dispute with Revenue Authorities and
22 provide education and outreach program to low income taxpayers;
23

24 b) Engage in regular information, education, and communication programs for
25 taxpayers on tax laws, rules, regulations, circulars, including those that
26 implement Supreme Court decisions, and other issuances that affect them,
27 including their rights and remedies under the law, to ensure that the public
28 is properly apprised thereof;
29

30 c) Recommend measures to implement the policy declared under Section 1 of
31 this Act, by way of continuing policy review;
32

- 1 d) Monitor tax issuances of Revenue Authorities, and propose amendments,
2 when necessary, at the administrative level, to ensure that taxpayers' rights
3 as provided in this Act are upheld; and
4 e) Perform such other powers and functions as may be necessary to enhance
5 the ONTA's performance of its powers, functions, and responsibilities, as
6 enumerated in this Act.

7
8 SEC. 8. *Qualifications, Appointment, Term, and Rank of the National Taxpayer*
9 *Advocate.* - The ONTA shall be headed by the National Taxpayer Advocate, who shall
10 have the authority and responsibility for the effective exercise of the mandate of the
11 ONTA and the discharge of its powers and functions.

12
13 The National Taxpayer Advocate shall be a Filipino citizen, a member of the
14 Philippine Bar in good standing or a Certified Public Accountant, with at least ten (10)
15 years of practice in the field of taxation, and with proven integrity and competence.

16
17 The National Taxpayer Advocate shall be appointed by the President and shall
18 serve for a term of three (3) years with one (1) re-appointment. In case of vacancy
19 arising from retirement, resignation, removal, permanent incapacity, or death of the
20 National Taxpayer Advocate, the President shall appoint a successor to serve a fresh
21 term of three (3) years with one (1) re-appointment.

22
23 The appointment and re-appointment of the National Taxpayer Advocate shall
24 be subject to the mandatory retirement age provided under the Civil Service
25 Commission rules.

26
27 The National Taxpayer Advocate shall have the equivalent rank, salaries,
28 allowances, and retirement benefits of an Assistant Secretary.

29
30 SEC. 9. *Disqualification.* - An individual cannot be appointed as the National
31 Taxpayer Advocate if such individual has been an employee or officer of, or has
32 rendered service as consultant or in any other capacity to any of the Revenue

1 Authorities for two (2) years prior to such appointment, or has been convicted of any
2 crime involving moral turpitude or a violation of any tax law.

3
4 SEC. 10. *Submission of Annual Reports.* - The Congressional Oversight
5 Committee on the Comprehensive Tax Reform Program (COCCTRP) shall exercise
6 oversight powers over the implementation of this Act.

7
8 To this end, the ONTA shall submit a detailed report on its activities and
9 identified problem areas, either personally or through electronic means, to the
10 COCCTRP on or before December 31 of every year.

11
12 SEC. 11. *Violation of the Bill of Rights of Taxpayers.* – Any person or revenue
13 officer who is found to have violated Section 4 of this Act on Taxpayer’s Basic Rights
14 shall be subject to the administrative penalties under Republic Act No. 9485, otherwise
15 known as the “Anti- Red Tape Act of 2007”, as amended, and other administrative and
16 civil service laws and rules.

17
18 The finding of administrative liability for a violation under this Act shall not be
19 a bar to the filing of an applicable criminal or civil case under existing laws for the
20 same violation.

21
22 The violation of Section 4(n) of this Act on the Right to Quality Service and
23 Assistance shall be penalized under the provisions of Republic Act No. 6713,
24 otherwise known as the “Code of Conduct and Ethical Standards for Public Officials
25 and Employees.”

26
27 Violations penalized under this Act shall prescribe after twelve (12) years.
28 Prescription shall begin to run from the day of the commission of the violation of the
29 law, and if the same is not known at the time, from the discovery thereof and the
30 institution of judicial proceedings for its investigation and punishment: *Provided, That*
31 *the prescription shall be interrupted when proceedings are instituted against the guilty*
32 *person, and shall begin to run again if the proceedings are dismissed for reasons not*
33 *constituting double jeopardy.*

1
2 SEC. 12. *Accessibility of the Taxpayer's Bill of Rights and Obligations.* – The
3 Taxpayer's Bill of Rights and Obligations shall be made available in all offices of
4 Revenue Authorities, free of charge, whether printed, digital, or otherwise, and shall be
5 posted in their respective websites, in English and Filipino languages.
6

7 SEC. 13. *Integration of Taxpayer's Bill of Rights and Obligations in Higher*
8 *Education Curriculum.* – All public and private higher education institutions shall
9 integrate the Taxpayer's Bill of Rights and Obligations as part of the curriculum. The
10 Commission on Higher Education shall, pursuant to its mandate under Republic Act
11 No. 7722, otherwise known as the "Higher Education Act of 1994", develop the
12 program to execute and implement this section.
13

14 SEC. 14. *Appropriations.* - The amount necessary for the implementation of the
15 Act shall be included in the annual General Appropriations Act (GAA).
16

17 SEC. 15. *Implementing Rules and Regulations.* – Within sixty (60) calendar days
18 from the effectivity of this Act, the DOF shall, in consultation with relevant agencies
19 and the private sector, promulgate the necessary rules and regulations, for the
20 effective implementation of this Act.
21

22 SEC. 16. *Separability Clause.* – If any provision of this Act is declared invalid or
23 unconstitutional, other provisions hereof which are not affected thereby shall remain
24 in full force and effect.
25

26 Sec. 17. *Repealing Clause.* – All laws, acts, decrees, executive orders,
27 issuances, and rules and regulations or parts thereof which are contrary to and
28 inconsistent with this Act are hereby repealed, amended or modified accordingly.
29

30 Sec. 18. *Effectivity.* – This Act shall take effect fifteen (15) days after its
31 complete publication in the *Official Gazette* or in at least two (2) newspapers of general
32 circulation.

Approved,